The Local Government IT Recruitment Challenge

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I would also like to extend a personal thank you to the featured CIOs for their contributions to this article.

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> Dave Molchany, CIO, Fairfax County, VA
> Sally Nagy, CIO, Sacramento, CA
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The Telecommunications and Information Task Force (TITF) is composed of the nation's leading-edge CIOs and Telecommunications Directors. These creative thinkers bring a broad range of experiences and ideas to bear in addressing key technology topics such as e-government, knowledge management and smart growth through the use of telecommunications. The task force has been instrumental in identifying and responding to emerging technology issues, sometimes before the marketplace recognizes that an opportunity or challenge may exist. For example, the first two local governments to establish a Web site in 1994 are longstanding members of this innovative consortium.

"The Telecommunications and Information Task Force is committed to heightening the benefits of technology in local government by applying member knowledge to solve real and topical issues through collaboration, research and partnerships," shares TITF Chair Dianah Neff, San Diego Deputy City Manager/CIO.

Executive Overview

The Telecommunications and Information Task Force of Public Technology, Inc. (PTI) discussed among its membership challenges faced by local government CIOs in their efforts to secure the workforce needed to meet citizen expectations in the Internet economy. The members expressed a desire to learn what others around the country are doing or have done to solve this dilemma and to share experiences among peers.

Let us examine why this situation exists. According to a recent *Federal Computer Week* article, "estimates show there are more than 400,000 unfilled positions in the entire IT industry, and more than 200,000 new skilled workers will be needed annually." This shortage of technology workers further exacerbates the competition between the public and private sectors for top IT talent.

The case studies contained in this issue brief are an initial step in the collaborative process. The dynamic described herein is one experience by local governments regardless of size or geographic location. In short, here is a synopsis of some successful strategies that have worked:

- Pay market salaries.
- Provide training/learning/leadership/growth opportunities.
- Market the benefits of working for a local government.
- Internships/fellowships/agency and related partnerships.
- Provide recognition, awards and bonuses.
- Streamlined hiring process.

Moreover, the pages that follow illustrate and explain how innovative, local government leaders have developed "out-of-the box" solutions to secure top IT talent needed to move their government from delivering services inline to online.

Issue Brief

As local governments deliver services online rather than inline, how does a jurisdiction attract and retain talented information technology employees to accomplish this transition? It is a very challenging dilemma, but several innovative local governments have taken creative approaches to addressing this problem.

A recent *Federal Computer Week* article "estimates show there are more than 400,000 unfilled positions in the entire IT industry, and more than 200,000 new skilled workers will be needed annually." This shortage of technology workers further exacerbates the competition between the public and private sectors for top IT talent. PTI conducted a short poll of its CIO customer group and the respondents overwhelmingly indicated the IT hiring and recruitment challenge became most prevalent in the last five years. This timing is coincidental with the emergence of the Internet as a new communications medium and local governments establishing Web sites. In the early- to mid-1990s, you will recall that San Carlos, CA, and Palo Alto, CA, were the first two local governments with an Internet presence, and other communities soon followed. Local governments are now moving from Web page design and publishing to self-service applications and transacting business on the Web. This shift requires even more advanced IT skills. Moreover, when asked if the Y2K challenge impacted their competition for hiring IT employees, the majority said no – the Y2K situation required one set of technical skills and the new Internet economy requires a different degree of talents. However, in certain circumstances, the funds needed to address the Y2K issue strained the resources available to hire new personnel and retain top employees. Among those responding to the poll, virtually everyone indicated that information technology infrastructure was viewed as an investment by their city or county.

As *Federal Computer Week* adds, "The government has traditionally faced monumental obstacles competing with the private sector for IT workers – such as major salary discrepancies, fewer perks and complex, bureaucratic hiring processes – but the Office of Personnel Management is poised to launch an initiative geared to help agencies recruit and retain IT workers." How does the public sector compete with the lucrative private-sector enticements, notably stock options, higher compensation, signing bonuses, rewards programs and related perks? It is not easy, but here is how a few leading-edge local governments are competing with industry for top IT talent.

Fairfax County (population 880,771), located in the heart of Virginia's Silicon Dominion, encountered competition from the burgeoning high-tech industry in its quest to obtain top IT talent. To secure the workforce needed to meet citizen expectations, Fairfax County:

- Conducted a salary survey, which included both public and private sector salary data. Increased salaries an average of 5 percent based on the data.
- Increased training budgets for central IT staff and IT staff decentralized in departments.
- Made job classifications reflective of the work performed and adopted modern job titles.
- Created a flexible environment utilizing flextime, job-sharing, telework, etc. Emphasized low travel requirements, little overtime or weekend work.

- Marketed the county as a great place to work espousing the benefits of working for a public sector entity. Emphasized the new technologies being used at the county.
- Is initiating a pay-for-performance program on July 1, 2000.

CIO Dave Molchany shares, "To compete with the private sector, we need to show the benefits of working for the public sector. We cannot match the salaries, bonuses and stock options of the private sector, but we can offer interesting work, innovative technologies, regular hours, flexibility and the ability to live a fairly normal life. Also, we have the added benefit that through our jobs, we are working to improve our own communities.

"I came to the public sector not knowing what to expect or whether I would stay very long. I have been with Fairfax County for five years and have found that the work is very interesting, the technology is exciting, the staff is very dedicated and highly intelligent and the work that we do does make a difference," Molchany adds. "We need to show people that working for the public sector can be a great experience."

Hennepin County, MN (population 1,050,454), established a pay-for-performance system, which includes a two-tier compensation strategy. The base pay is one portion of compensation, a cash payment that creates a special event at review time is an extremely valuable component. Employees will receive the Tier 1 annual compensation increase and the Tier 2 special payment recognizing their achievements in their first paycheck after their performance review. This strategy provides for immediate acknowledgement of one's outstanding performance and a thank you in the form of an unique, cash amount payment that counts toward the employee's public employment pension. Next year at the review time, the employee gets the chance again to get an influx of money because of specific performance during the rating period. It continues to provide incentive for that long term IT professional. The rating system is based 65 percent on results and 35 percent on competencies.

County officials did raise salary ranges from 13 percent to 18 percent and gave IT job class incumbents 10 percent (other than supervisor and manager classes) immediate adjustments in July 1998. As annual reviews came due after the July '98 adjustment, the county used these results and competency measure as well as the blending of cash and base adjustment.

CIO Bob Hanson shares, "Our IT Professional 'Pay-for-Performance' system has had promising results. We've focused on outcomes and created incentives that will continually reward the high performer. We believe we can duplicate this program in several other professional job classes at Hennepin."

San Francisco, (population 723,959) competing with close by Silicon Valley, encountered intense competition for the best IT and telecommunications talent from the private sector.

To attract the best and brightest, CIO Liza Lowery:

- Developed a slogan and marketing plan to compete with private industry advertisements and attract top talent.
- Determined the strengths of the organization and uses them to "sell it" to prospective employees.
- Looked at new methods of recruiting including increased usage of Internet sites.
- Developed a basic set of interview questions that focused on customer service and other soft skills, not only technical skills.
- Worked to decrease the time it takes between advertising a vacancy, conducting interviews, and making an offer.
- Implemented a program to hire people into a lower or entry level position and develop and promote them, but budget at the higher level to ensure funds are available to "grow your own" employees.

To retain the talent she has, Lowery:

- Implemented an employee recognition program and solicited donations for awards including cash, tickets to sporting events, digital cameras, and Palm Pilots.
- Initiated various voluntary social events including a holiday party, attending sporting events together, celebration luncheons, picnics, and going to local amusement parks as a group.
- Began a Leadership Development Program for all employees in a position of supervisor and above.
- Increased training opportunities through participation in a program with a local university and non-product specific, on-site technology brown bag lunches provided by the vendor community.
- Began development of professional development and training plans for every employee.
- Encouraging and working to reward employees for referrals.

"You know you are doing the right things in terms of recruitment and retention when your existing employees begin to refer their friends and associates for vacancies within the department," Lowery states.

"Each organization has strengths they can trade on to attract employees," Lowery adds. "For local government, it is stability (we're not going to be bought or sold, or go out of business), personal fulfillment (we are here to make a difference), variety (we do everything from Animal Control to Zoning – A to Z), and, hopefully, the opportunity to work with leading edge technology."

Cincinnati/Hamilton County, OH (population 867,728), prepared a compensation study showing IT salaries in the region, the area in which they were competing for IT jobs. Based on this analysis, salaries were raised for all IT positions. At the same time, jobs were broadbanded to provide more flexibility in starting salaries and to mitigate the administrative procedures in moving people through the salary schedule.

Cincinnati/Hamilton County established an employee-training fund, which allows employees to pursue advanced technical training on their time with financial assistance from the city and county. It is comparable to tuition aid, but it applies to most any IT technical training selected by the staff.

Ralph Renneker, manager of the Regional Computer Center, shares, "IT hiring remains a critical issue for us. The completion of Y2K tasks has not offered any apparent relief in the tight IT job market. We have formalized relationships with several IT staff augmentation vendors that allow us to have access to specific skills that we are unable to recruit and/or where we need to move quickly to satisfy a client."

Palo Alto (population 55,900), a small community within Silicon Valley, experienced the same hiring challenges as its larger neighbors, but given its uniqueness, the city was able to successfully recruit and retain IT professionals. CIO Rod Massey, used a combination of aggressive private sector-oriented marketing and recruiting, a bonus program and implementing a new training program to attract and retain staff.

"The challenges of recruiting in Silicon Valley are significant. It requires us to look, think and act like an Internet startup," Massey notes. "We've modified our recruiting ads and techniques to market like progressive private-sector companies while reflecting the strength of our public-sector compensation package. In addition, we've actively expanded our recruiting and hiring to leverage the talent of candidates outside the U.S."

Gaithersburg, MD (population 43,259), focused on nurturing employees and examining which issues are the most important to the staff. Barry Smith, IT director for the city, shares, "I'm in one of the tightest labor markets in the nation and still have very, very low turnover," and here's how he has accomplished this:

Recruitment
1. Utilize a headhunter when necessary (for systems analyst / project manager position).
2. Execute a carefully crafted "sales pitch" on what working for local government is and is not.
3. Pay close to market rates ... with a small staff it's okay to "break the bank" because it costs so much to replace someone who is wearing more than one hat.
4. Utilize interns to fill holes in staff. Grew interns into contract and full-time staff. Plus, everyone else likes to help the interns grow which helps build the team.
5. Hire nice people and show them that we're nice people too.

Retention
1a. Wake up every morning thinking about retention and how people are motivated. Detect even slight dips in motivation and happiness. Address this as soon as possible. CARE.
1. Proactively review the market regarding salaries. Ask for adjustments as necessary. Close support from finance director and city manager's office.
2. Provide unlimited access to training materials (books, magazines, GartnerGroup, etc.). Provide timely access to training and, in fact, PUSH PEOPLE to go to training no matter how busy.
3. Six-month reviews from IT director including a free lunch! Focus on combining team needs with personal goals including a tactical training plan.
4. Focus on building a very tight team culture. People don't like to leave behind friends. Paid team outings twice a year.

5. Give people leadership opportunities and frequent feedback and mentoring. Allow staff to work on projects outside their comfort level to develop skills and marketability. If people FEEL the are marketable, they actually will stay if they are happy and fairly well paid.
6. Help manage customer expectations so that there is always a spirit to EXCEED these expectations and make everyone feel and look good. Too much stress is bad.
7. Give people flexible hours within reason. If someone works a full week or a full time period, eat the time if they want to come in a half-day late or leave early.
8. Approve all small purchases ... including toys and emerging technologies. The knowledge accrued is worth more than the stress of turning someone down. Give people the authority to make their own purchases and take ownership in what they do.
9. Develop expertise as well as breadth. This lets people get exposed to everything (more than anywhere else they might go) while still developing their ego.
10. Give spot performance bonuses (large, milestone-based) and "great job" bonuses (small).
11. Seek out awards. People like to be associated with winning.
12. Have a weekly meeting to just keep people together and address morale issues. It's fun just to hang out and keep everyone in the loop.

"The grand scheme is to build an environment where people are working on the projects where they feel they are themselves making a difference, make them very comfortable in their jobs including giving them POWER (through authority and control) and FLEXIBILITY," Smith shares. "Pay them close enough to their true market value that it's inconvenient to leave behind their comfortable job and friends.

"I have also basically abolished the traditional help desk role. Everyone on the help desk is responsible for a multitude of activities including query development, limited software development, LAN administration, etc. This (and Gartner backs me up on this) keeps people interested and gets them a broad range of skills thus avoiding burnout," Smith adds.

But, in the end, Barry states, "If it's no longer a fit not only let them go but help them find a new job. Yes, help them find a new job. It makes everyone else on the team respect you more and makes everyone feel like the City cares about their best interests."

It is estimated that the **New York** metropolitan area (population 7,322,564) currently has a 40 percent shortage of trained IT staff. New York City's government experiences approximately a 15 percent vacancy rate compared to 5 percent for non-IT jobs throughout the city. Mayor Rudy Giuliani recognized the IT recruiting challenge in an Executive Order that established a Technology Steering Committee and specified that it appoint a multi-agency sub-committee to focus on recruitment, retention and training.

To date, the city has completed the following initiatives:

- Established an IT Recruitment Web page on the city's Internet site (www.nyclink.org/itjobs).
- Posted city IT jobs on outside career sites.
- Created an Technical Recruitment Unit staffed by three recruiters.
- Developed an IT Fellows Program to provide IT internships for college/graduate students.

- Retained the services of an executive search firm for senior level positions.
- Developing strategies to streamline civil service procedures for hiring IT staff.

In addition, the city is in the process of implementing the following approaches to IT recruitment, retention and training:

- Development of an IT Skills Bank to provide for internal career mobility among city agencies and to allow for current staff to be used across the city on priority projects.
- Hiring of a temporary executive search firm to fill crucial positions until full-time recruits can be identified. In addition, this allows the city to "Try and then Buy" potential staff.
- Developing training partnerships with the City University of New York and various IT companies to provide training for city employees. To date, New York City has developed a partnership to provide SUN Solaris and Java training to city staff, and are planning to provide basic managerial training to mid-level IT professionals to strengthen the pool of potential CIOs for city agencies.
- Developing an IT Awards Program to reward outstanding achievement in IT on a citywide basis.

Deputy Commissioner William Keller of the NYC Department of Information Technology & Telecommunications adds, "New York City has developed a comprehensive IT recruitment strategy that seeks to ensure that we have the quality staff required to develop and implement state-of-the-art information technology systems throughout city government. We are expanding our sources of new staff, attempting to retain our best staff by providing them with opportunities for advancement and providing training to current staff members to ensure that they have the skills that are needed."

Sacramento, CA (population 369,365), CIO Sally Nagy, facing competition from private-sector firms, implemented the following initiatives to retain and attract top IT personnel:

- Replaced job specifications to match new technologies.
- Raised the salary ranges and provided raises.
- Developed career tracks.
- Currently conducting skills assessment and developing individual training and education plans.
- Expedited the hiring process.
- Hired a recruiting firm for non-executive positions.

"It's too soon to gauge how successful these measures will be," Nagy states. "However, we are optimistic that these steps, coupled with the fact that the city is a great place to work, will send a strong message that we value our IT staff."

Tucson, AZ (population 405,390), like public-sector technology organizations across the country, is finding it difficult if not impossible to recruit and retain qualified technical staff. Tucson is working to turn that challenge into an opportunity. Together with Pima Community College, the city developed a pilot program

to place "technology interns" in the Department of Information Technology. In fact, the program is proving so successful, some have been "loaned" to other departments and even Pima County.

The benefits to the organization and to the community are significant. Students rotate through data center operations, network services, applications development and department administration. The department receives the benefit of affordable staff support and perhaps more importantly, fresh perspectives on technology implementation and service delivery. City departments receive improved service and responsiveness and students are paid at a rate well above minimum wage.

In addition to being paid, students learn the practical "ins and outs" of a large technology organization. They get the specific, hands-on operational experience that gives them clear advantage when applying for permanent jobs. "More than just meeting our immediate needs, we have created a talent pool from which the private sector can draw qualified technical staff," said Todd Sander, director of Tucson's Department of Information Technology. "This not only helps local government but it makes the city of Tucson more attractive as a location for high-tech companies because we have a well-trained and experienced technical workforce" Sander said.

Through this program, Tucson's young people and those moving into information technology at mid-career will learn that they do not have to leave Tucson to obtain good paying, high-tech jobs.

Bellevue, WA (population 84,239), located in the northwestern technology corridor, faced competition from major high-tech private firms for top IT talent. To ensure that the city has the skilled technology staff to meet citizen needs, Bellevue:

- Conducts a biennial market survey of public and private industries for all IT positions and uses market premiums in between to adjust salaries upward for hard-to-fill positions.
- Markets the advantages of working for government, such as excellent health benefits and retirement plans, shorter hours, training, career planning, flexible schedules, etc.
- Established relationships with local technical schools and colleges for internship positions.
- Explores partnerships with other public agencies to share staff with scarce skills.
- Continuously evaluates outsourcing options as labor and the market shift.

CIO Toni Cramer believes, "Aligning IT capabilities with available labor and outsourcing options to meet growing business objectives has become a full-time job in itself. Retention of staff with a focus on supporting skill development is now a fundamental IT survival strategy in the public sector."

IT Recruitment and Hiring – Synopsis of What Works

Successful Strategies

- Pay market salaries.
- Provide training/learning/leadership/growth opportunities.

- Examine/modify job classifications to reflect work performed.
- Create flexible work environment.
- Market the benefits of working for a local government.
- Performance-based incentives.
- Use headhunters when necessary.
- Internships/fellowships/agency and related partnerships.
- Build a team culture.
- Provide recognition, awards, and bonuses.
- Streamline hiring process.
- Develop IT recruiting Web site and IT skills bank.
- Create technology-recruiting unit.

Overall, a common theme exists among all these innovative public-sector leaders – they recognized that a problem existed and developed an "out-of-the box" solution. As managers, these CIOs listened to their employees and created a unique method of balancing staff needs against organizational constraints to attract and retain top IT talent. Moreover, these leaders viewed their employees as an investment and gained the support of top management to sustain an outstanding information technology business unit able to meet citizen needs.

The challenge, however, is not over. As the Internet advances to the next level and beyond, what special talents will be required to meet the needs of a "wired" citizenry? How will innovative, public-sector leaders deal with these expectations?